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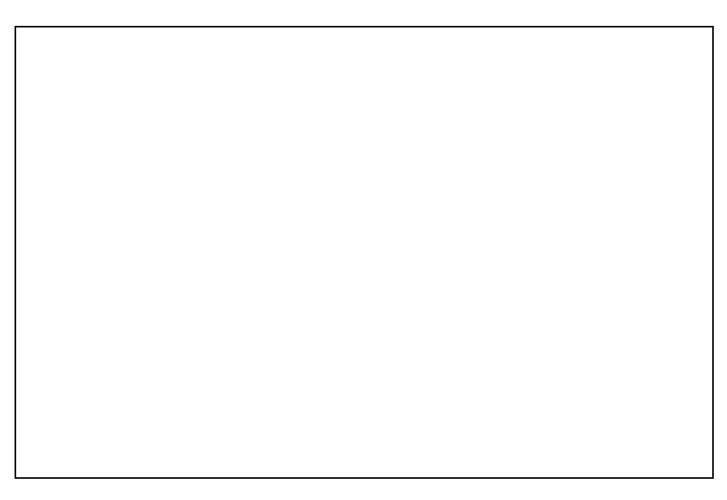
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National Intelligence Daily Cable for Monday July 19, 1976 25X1 The NID Cable is for the purpose of informing 25X1 senior US officials. LEBANON 25X1 Palestinian leaders this weekend reiterated their refusal to negotiate with Damascus until the Syrians honor their agreement to withdraw troops from southern and central Lebanon.// The Palestinians' intransigence appears to have set the scene for Christian and Syrian troops to implement a new coordinated military strategy worked out last week.// 25X1 //On the basis of our understanding of Christian and Syrian intentions, we do not expect either to plan any military moves that would directly jeopardize the US evacuation scheduled for this week. However, the announcement of the evacuation, coupled with the collapse of mediation efforts and fear of new Syrian military moves, has prompted widespread rumors of a major Christian-Syrian assault on west Beirut.// 25X1 The rumors have been fostered by an article published over the weekend by a pro-leftist Beirut newspaper alleging that the Syrians, the Christians, and the US plan to launch a final attack on the Palestinians and leftists tomorrow--"just after the US evacuation is completed." The paper described in some detail an alleged plan for a three-pronged attack on west Beirut in which the US Sixth Fleet would provide a barrier to Soviet intervention. 25X1 The official Palestinian news agency yesterday flatly contradicted stories of US involvement in such a conspiracy in an attempt to prevent panic in west Beirut and in an apparent show of concern over the safety of US and other foreign nationals. The rumors, however, have already increased apprehension throughout the city and are probably widely accepted by those undisciplined Lebanese and Palestinian radicals who pose the greatest threat to the evacuation. 25X1 Radio broadcasts by the Christians promising that they will soon "liberate" west Beirut and warning responsible citizens to leave the city have compounded the problem of

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25X1	deflating the rumors.	25
25X1	Christian-Syrian Military Plan //The Christian delegation that mapped out the	
	plan in Damascus last week reportedly received final approval for it from Christian leaders and returned immediately to Syria to ask that the plan be implemented this week.//	
25X1	//During the first phase, the Christians would concentrate on opening the road to Zahlah and expanding their control of east Beirut. The Syrians would intensify their blockade of Palestinian and leftist strongholds in the north and would intendict access routes in central Lebanon leading to leftist-controlled territory south of Beirut.//	
25X1	//Although the plan then calls for a joint advance on west Beirut, US officials in Beirut believe this attack would involve only an attempt to gain control of the hotel district and to establish a narrow corridor along the northern coastal perimeter of the city that would presumably include Bain Militaire, the military beach on the far western side of the city.//	
25X1	Although military activity in most of Lebanon remained low throughout the weekend, there are indications that Syrian forces have begun implementing the new plan in central Lebanon and have dropped all pretense of carrying out their pledge to withdraw from Sawfar, on the Beirut-Damascus highway. Unconfirmed press reports say the Syrians may even have moved additional forces across the border to reinforce their positions on this road.	
25X1	Fighting continued around Tall Zatar refugee camp yesterday, but there was little military activity along the other major confrontation lines in the capital. The area around Beirut airport and along the adjacent western highway was relatively quiet over the weekend. The Palestinians, however, reportedly expect the Christians to try to silence artillery fire coming from Sabra refugee camp. The camp is just north of the airport and close to the main highway.	25

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EGYPT

25X1 Finance ministers from Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates met in Cairo Saturday and agreed to a draft proposal for a Saudi-sponsored fund of \$2 billion over the next five years to bolster Egypt's economy.

The finance ministers approved the new aid fund despite Egypt's postponement of economic reforms that had been recommended by the International Monetary Fund as a condition for its support for other international borrowing.

According to an announcement made by Egyptian Finance Minister Ahmed Bhu Ismail, the fund would be channeled through, and presumably managed by, a new body to be known as the Gulf Organization for Development in Egypt.

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A1	Ithough Egypt reportedly will not be able to borro
at will from	n the fund, it could borrow elsewhere to mee <u>t its</u>
immediate ne	eeds, utilizing the aid fund as collateral.
CHINA	
Th	ne recent deterioration in Chairman Mao Tse-tung's
	nave intensified the power struggle in Peking and People's Liberation Army closer to the political
tary leaders struggle. As comes more l ranks. Milit	adicals and moderates alike recognize that the mil ship can exert heavy influence on the political s the army's involvement deepens, however, it be- likely that factionalism will grow within its own cary men may eventually emerge with a larger voice political process.
	Despite this risk, the radicals in particular
	rying harder to enlist the support of influential
military lea	iders.
	ne radicals have also been vocal and direct in the chaps because they feel that time is against them.
Shortly befo	ore the announcement that Mao would no longer rece
	tors, the radicals launched a propaganda effort depeal to army leaders who have doubts about some o
	policies associated with the moderates. Their ar
the military	on a model soldier, Li Yen-ching, who charged even
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the military cles focus o before the c vice premier political tr	campaign against Teng Hsiao-ping that the former comphasized military proficiency at the expense of aining. Before this propaganda drive, the left had away from this theme, which runs counter to the
the military cles focus o before the c vice premier political tr	campaign against Teng Hsiao-ping that the former comphasized military proficiency at the expense of caining. Before this propaganda drive, the left had

25X1	Army leaders in the provinces are apparently unenthusiastic about the radicals. So far only a handful of provincial broadcasts has publicized the Li Yen-ching model or echoed Peking's criticism of Teng's military policies.
25X1	The radicals' best prospect for support, however, probably lies outside the central military establishment. The political careers of many officers in the military regions and districts have suffered as a result of efforts by moderates to separate them from local civilian affairs while enhancing the
25X1	role of civilian party bureaucrats. The radicals probably recognize that their popularity within the military is not high, but they may hope to develop enough support to dilute some of the moderates' backing in the military. The radicals' efforts, however, also run the risk of hardening the opposition of military leaders sympathetic to the moderates, some of whom may have not yet taken a clear partisan
25X1	stand.
25X1	The resignation on Saturday of Ali Aref Bourhan, the Afar president of the local government in the French Territory of the Afars and Issas, paves the way for the creation of a broad-based coalition government in Djibouti.
25X1	Aref, who in all likelihood would have been voted out next week by the local assembly, has been living on borrowed time since early June. At that time, the French engineered an agreement among the three major political groups in the FTAI that will give a greater political role to the Issas and other ethnic Somalis who constitute a majority of the population.
25X1	Aref, a long-time French protege, bitterly opposed the agreement, although representatives of his party went along with it. He opposed it not only because he realized that it would lead to his political downfall, but also because he contends that Issa domination of Djibouti is the first step to the annexation of the territory by Somalia.
25X1	The French are betting that stability is more likely to prevail in the pre- and post-independence periodsa referendum on independence will probably be held next Marchif the

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government in Djibouti is dominated by Issas than if it is controlled by the Afars and headed by someone like Aref. There was serious, politically inspired violence between Afar and Issa tribesmen as recently as July in riots.

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